

Message Text

CONFIDENTIAL POSS DUPE

PAGE 01 MANILA 10643 181616Z

45

ACTION EA-14

INFO OCT-01 ISO-00 SCEM-02 EB-11 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SPC-03 SS-15 USIA-15 ACDA-19 IO-13 COME-00 INT-08

TRSE-00 DRC-01 /140 W

----- 124757

R 181025Z SEP 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8066

C O N F I D E N T I A L MANILA 10643

E.O. 11652: GDS

TAGS: ENRG, RP

SUBJECT: GOP CONCERN ABOUT GASOLINE SHORTAGE

REF: A. MANILA 10515

B. MANILA 10195

1. AT MEETING SEPT 17 CALLED BY DEFENSE SECRETARY ENRILE AND ATTENDED BY TOP AFP OFFICERS AND SEVERAL CABINET MEMBERS, OIL COMPANY EXECUTIVES WERE ASKED IF IT TRUE THERE IS A SHORTAGE OF PETROLEUM PRODUCTS IN THE COUNTRY, ESPECIALLY MOTOR GASOLINE, AND IF SO, WHAT ARE REASONS THEREFOR. BURDEN OF OIL EXECS RESPONSE WAS THAT WORLD PETROLEUM SUPPLY PROBLEMS ARE REFLECTED IN PHILIPPINES AND HEIGHTENED BY LOCAL ECONOMIC FACTORS. THEY INDICATED THAT CLEAR PICTURE OF OVERALL SUPPLY WAS DIFFICULT IN COMPETITIVE MARKET CONDITIONS, BUT IT APPEARED THAT GASOLINE SUPPLIES ARE QUITE SHORT, KEROSENE TIGHT WHILE FUEL OIL IS ADEQUATE. AT ENRILE'S SUGGESTION, OIL INDUSTRY COMMISSION CHAIRMAN PREPARING REPORT WITH DATA FROM COMPANIES ON SUPPLY SITUATION. REPORT TO BE CONSIDERED AT MEETING WITH SAME PARTICIPANTS SEPT 24.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANILA 10643 181616Z

2. EXECS STATED ALL COMPANIES ARE NOW ALLOCATING GASOLINE SUPPLIES ON MONTHLY BASIS AT LEVEL NO MORE THAN

DELIVERIES DURING FIRST SIX MONTHS OF 1973. (THIS IN FACT MEANS INCREASED DEMAND OF 4-5 PERCENT NOT BEING MET.) SEVERAL FACTORS BEHIND GASOLINE SHORTAGE WERE CITED INCLUDING TECHNICAL PROBLEMS AT SEVERAL REFINERIES (REF B), BUT EXECS REPORTEDLY MADE CLEAR THAT ECONOMICS OF COMPANY OPERATIONS MILITATED STRONGLY AGAINST ANY INCREASE IN GASOLINE OUTPUT. COMPANY SOURCE REPORTS ENRILE THEN SAID PRESIDENT FEELS COMPANIES MAY BE USING SUPPLY RESTRICTIONS TO PRESSURE GOP ON PRICE ISSUE. COMPANY EXECS REITERATED POINTS ON CRUDE SUPPLY LIMITATIONS, EXTERNAL COST INCREASES, TANKERAGE PROBLEMS DUE LIBYA AND FACT THAT THEY MUST ADJUST OPERATIONS TO COST/PRICE PICTURE.

3. COMMENT: SEVERAL EXECUTIVES HAVE EXPRESSED TO EMBASSY THEIR BELIEF THAT EVEN WITH PRICE INCREASES ENVISAGED DURING LATTER PART OF OCTOBER (REF A), THEY DO NOT INTEND INCREASE GASOLINE PRODUCTION SIGNIFICANTLY SINCE THIS WILL CONTINUE TO BE LEAST PROFITABLY PRODUCT LINE. ESSO MANAGER CLAIMS COMPANY LOSS THUS FAR IN 1973 OF \$5 MILLION. COMPANIES HAVE COME DOWN TO CRUNCH OF ALLOCATION OF GASOLINE SUPPLIES AND EXPECT SITUATION TO WORSEN. HOW GOP WILL REACT TO SITUATION IS NOT CLEAR, BUT POSSIBILITY OF STRONG MOVES AGAINST COMPANIES CANNOT BE DISCOUNTED, ALTHOUGH IT VERY INTERESTING THAT PALACE REPORTEDLY HAS GIVEN CALTEX GO-AHEAD ON REFINERY EXPANSION AND HAS REFUSED OFFER OF EQUITY PARTICIPATION. SULLIVAN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTS, PETROLEUM RESERVES, GAS RESERVES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANILA10643
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS SULLIVAN
Errors: N/A
Film Number: n/a
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730928/aaaaaubb.tel
Line Count: 89
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. MANILA 10515
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Dec-2001 by kelleyw0>; APPROVED <21-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOP CONCERN ABOUT GASOLINE SHORTAGE
TAGS: ENRG, RP
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005